

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

*United States Attorney
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For Immediate Release

NEWS RELEASE SUMMARY - December 16, 2005

United States Attorney Carol C. Lam announced that Richard Robert Matthews, Jr., the founder of the now-defunct Pinnacle Capital Fund, was sentenced today in U.S. District Court in San Diego by the Honorable Jeffrey T. Miller to serve 63 months in federal custody, based on Matthews' conviction for mail fraud.

As part of his guilty plea earlier this year, Matthews admitted that he used the United States mail to further his scheme to defraud people into investing in the Pinnacle Capital Fund, a San Diego-based foreign currency fund operated by White Pine Trust Corporation ("White Pine"). Matthews admitted that he falsely represented to investors that the Pinnacle Capital Fund had existed since 1995, that the Pinnacle Capital Fund had generated double-digit profits each year since 1995, and that White Pine would only charge a fee if White Pine made money for the investor. However, Matthews admitted that, in fact, White Pine did not begin managing assets through the Pinnacle Capital Fund until the year 2000, and that the Pinnacle Capital Fund never generated any yearly profits on investments. He also admitted that the Pinnacle Capital Fund's

advertised performance record was false, and that White Pine mailed phony monthly account statements to investors. More than 250 people invested a total of over \$21,000,000 in the Pinnacle Capital Fund. According to Assistant United States Attorney William Cole, who prosecuted the case, many invested retirement savings in the fund. According to Cole, Matthews used investor funds to buy a private island off Belize, a home in La Jolla, a yacht, and other luxury items.

In addition to the 63-month sentence, Judge Miller ordered that Matthews serve a three-year term of supervised release following prison. Judge Miller also ordered that Matthews pay \$14,767,579.76 in restitution to the victims in the case.

United States Attorney Lam said, "Matthews told bald-faced lies to his investors and lived luxuriously off the proceeds of his fraud. He has earned his prison sentence." Lam praised the efforts of the Federal Bureau of Investigation, Immigration and Customs Enforcement, and the Commodity Futures Trading Commission.

Two of Matthews' associates, Stephen Baere and Tyler Zollinger, also have pled guilty for their roles in the Pinnacle Capital Fund scheme. Zollinger's sentencing is scheduled for January 20, 2006, at 9:00 a.m., before Judge Miller. Baere's sentencing is scheduled for January 27, 2006, at 9:00 a.m., also before Judge Miller.

DEFENDANT

Criminal Case No. 04-CR-3162-JM

Richard Robert Matthews, Jr.

SUMMARY OF CHARGES

Title 18, United States Code, Section 1341 and Title 18, United States Code, Section 2 -
Mail Fraud and Aiding and Abetting

Maximum penalties: 20 years in prison; a fine equal to twice the gross loss caused to persons by the offense;
and three years of supervised release.

PARTICIPATING AGENCIES

Federal Bureau of Investigation
United States Department of Homeland Security, Immigration and Customs Enforcement
Commodity Futures Trading Commission